

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: \_\_\_\_\_

Chapter 11 Case No.

**Lehman Brothers Holdings Inc., et al.,**

08-13555

Debtors. \_\_\_\_\_

**SEPTEMBER 2017 POST-EFFECTIVE OPERATING REPORT**

SEPTEMBER 1, 2017 – OCTOBER 5, 2017  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

DEBTORS' ADDRESS: LEHMAN BROTHERS HOLDINGS INC.  
c/o KRISTINE DICKSON  
CHIEF FINANCIAL OFFICER  
277 PARK AVENUE  
46th FLOOR  
NEW YORK, NY 10172

DEBTORS' ATTORNEYS: WEIL, GOTSHAL & MANGES LLP  
c/o JACQUELINE MARCUS, GARRETT A. FAIL  
767 FIFTH AVENUE  
NEW YORK, NY 10153

REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: October 30, 2017

**SCHEDULE OF DEBTORS**

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed ("Commencement Date")
Lehman Brothers Holdings Inc. (“LBHI”) .....	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”) .....	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”) .....	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOTC”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”) .....	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”) .....	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”) .....	08-13902	10/5/2008
Lehman Scottish Finance L.P. .....	08-13904	10/5/2008
BNC Mortgage LLC .....	09-10137	1/9/2009
LB Rose Ranch LLC .....	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and Docket No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC .....	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC .....	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC .....	09-12516	4/23/2009	1/28/2016
LB Somerset LLC .....	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC .....	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009	12/15/2016
Merit LLC .....	09-17331	12/14/2009	12/15/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

**Please email questions, with document references as relevant, to:**

**[QUESTIONS@lehmanholdings.com](mailto:QUESTIONS@lehmanholdings.com)**

**The Company’s previously posted responses can be found on the Epiq website maintained for the Company:**

**[www.lehman-docket.com](http://www.lehman-docket.com) under the Key Documents tab and the Responses to Questions Submitted category**

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED  
ENTITIES**

**BASIS OF PRESENTATION**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**SEPTEMBER 1, 2017 – OCTOBER 5, 2017**

The information and data included in this September 2017 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

**Other items:**

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
  - Cash posted as collateral for hedging activity; and
  - Cash held at third party real estate asset managers.

5. Restricted cash balances are based on preliminary estimates and are comprised of the following items as of October 5, 2017:

(\$ in millions)	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities	
	LBHI	LBSF	LCPI	Other	Total			
<b>Reserves for Claims:</b>								
Disputed unsecured claims <sup>(1)</sup>	\$ 1,576	\$ 805	\$ 0	\$ 139	\$ 2,519	\$ -	\$ -	\$ 2,519
Distributions on Allowed Claims (not remitted)	3	0	0	1	4	-	-	4
Secured, Admin, Priority Claims and Other	64	35	2	12	113	-	-	113
Subtotal, Claims Reserves	1,643	840	2	151	2,636	-	-	2,636
Citigroup <sup>(2)</sup>	2,070	1	-	23	2,093	0	0	2,094
Other <sup>(3)</sup>	106	-	0	-	106	21	21	128
<b>Total</b>	<b>\$ 3,819</b>	<b>\$ 841</b>	<b>\$ 2</b>	<b>\$ 174</b>	<b>\$ 4,836</b>	<b>\$ 21</b>	<b>\$ 21</b>	<b>\$ 4,858</b>

Totals may not foot due to rounding.

- (1) Represents the cash reserve for the principal amount of disputed unsecured claims subsequent to the thirteenth Plan Distribution on October 5, 2017.
- (2) Represents cash deposited prior to the Commencement Date by the Company in connection with certain requests and/or documents executed by the Company and Citigroup Inc. (“Citigroup”). The Company commenced litigation against Citigroup regarding these deposits. On September 29, 2017, Citibank N.A. and other Citibank Entities and LBHI and other Lehman Entities reached a settlement agreement (the “Citibank Settlement”), which provided for, among other things, the (i) payment of \$1.74 billion from Citibank N.A. to various Debtors (LBHI \$1,628 million, LBCC \$86 million, LBCS \$18 million, and LBSF \$11 million), and (ii) assignment of Citibank Entities’ claims against various Debtors to LBHI. On October 13, 2017, the Bankruptcy Court entered an order approving the Citibank Settlement agreement. As a result of the Citibank Settlement, the restricted cash balance of \$2,094 million will be unrestricted and released as follows on or before November 3, 2017: (i) \$350 million will be released to Citigroup, and (ii) the remaining balance will be released to various Debtors. Please refer to the motion filed by LBHI with the Bankruptcy Court on September 29, 2017 [Docket No. 56300] and the response to creditors entitled “Responses to Questions Regarding Allocations Related to the Settlement Agreement with Citibank” posted on the Epiq website for the meanings of capitalized terms used but not defined herein and for additional information on the Citibank Settlement.
- (3) Includes: (i) misdirected wires and other cash received by LBHI for the benefit of third parties and Non-Controlled Affiliates of \$42 million, and (ii) other miscellaneous items of \$86 million.

Restricted cash balances herein do not include other cash balances retained for operating expenses, asset preservation and other commitments.

**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities****Schedule of Cash Receipts and Disbursements****September 1, 2017 - October 5, 2017**

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

	Debtors					Debtor-Controlled Entities Total	Total Debtors and Debtor-Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
<b>Beginning Free Cash and Investments (09/01/17)</b>	\$ 472	\$ 55	\$ 252	\$ 360	\$ 1,139	\$ 199	\$ 1,338
<b>Sources of Cash</b>							
Commercial Real Estate	0	-	6	-	6	3	9
Loans (Corporate and Residential)	6	-	1	-	7	0	7
Private Equity / Principal Investing	(a) 2	-	-	-	2	84	86
Derivatives	-	8	-	-	8	-	8
Receipts from Affiliates	(b) 244	6	0	0	251	858	1,108
Other	(c) 33	2	1	1	37	0	37
<b>Total Sources of Cash</b>	<b>284</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>310</b>	<b>944</b>	<b>1,254</b>
<b>Uses of Cash</b>							
Non-Operating							
Commercial Real Estate	(0)	-	1	-	0	-	0
Other	(13)	-	-	-	(13)	(1)	(13)
Operating Expenses	(d)						
Compensation and Benefits	(e) (3)	-	-	-	(3)	(0)	(3)
Professional Fees	(9)	-	(0)	-	(9)	(0)	(9)
Other	(2)	(0)	(0)	(0)	(2)	(0)	(2)
<b>Total Uses of Cash</b>	<b>(27)</b>	<b>(0)</b>	<b>1</b>	<b>(0)</b>	<b>(26)</b>	<b>(1)</b>	<b>(28)</b>
<b>Total Cash From Operations</b>	<b>258</b>	<b>16</b>	<b>8</b>	<b>2</b>	<b>284</b>	<b>943</b>	<b>1,227</b>
Pre-Petition Inter-Company Receipts	863	28	34	-	925	1	926
Post-Petition Inter-Company Receipts	11	41	538	186	777	17	794
Dividend Receipts	42	-	-	-	42	8	50
<b>Total Inter-Company Transfers Receipts</b>	<b>(f) 917</b>	<b>69</b>	<b>572</b>	<b>186</b>	<b>1,744</b>	<b>26</b>	<b>1,770</b>
Pre-Petition Inter-Company Disbursements	(0)	-	-	-	(0)	(926)	(926)
Post-Petition Inter-Company Disbursements	(200)	(4)	(5)	(497)	(705)	(88)	(794)
Dividend Disbursements	-	-	-	-	-	(50)	(50)
<b>Total Inter-Company Transfers Disbursements</b>	<b>(f) (200)</b>	<b>(4)</b>	<b>(5)</b>	<b>(497)</b>	<b>(705)</b>	<b>(1,065)</b>	<b>(1,770)</b>
Plan Distributions	(g) (1,335)	(90)	(799)	(47)	(2,272)	(0)	(2,272)
Receipts of Plan Distributions from Debtors	(h) 687	31	9	18	744	26	770
Payments to Creditors - Non-Controlled Affiliates	-	-	-	-	-	(2)	(2)
Payments to Creditors - Other	(0)	-	-	-	(0)	-	(0)
<b>Total Payments to Creditors</b>	<b>(649)</b>	<b>(59)</b>	<b>(790)</b>	<b>(29)</b>	<b>(1,528)</b>	<b>24</b>	<b>(1,504)</b>
Other	1	0	0	(0)	1	5	5
Reclass from/(to) Restricted Cash to Free Cash	(535)	(9)	5	7	(531)	2	(529)
Net changes in Free Cash and Investments	(209)	13	(209)	(331)	(736)	(65)	(801)
<b>Ending Free Cash and Investments (10/05/17)</b>	<b>263</b>	<b>68</b>	<b>43</b>	<b>29</b>	<b>403</b>	<b>134</b>	<b>538</b>
<b>Beginning Restricted Cash (09/01/17)</b>	<b>3,285</b>	<b>832</b>	<b>7</b>	<b>182</b>	<b>4,305</b>	<b>24</b>	<b>4,328</b>
Disputed unsecured claims	548	13	0	(8)	553	-	553
Distributions on Allowed Claims (not remitted)	(7)	(0)	(0)	(0)	(7)	-	(7)
Secured, Admin, Priority Claims and Other	10	(4)	(5)	0	1	-	1
Other	(16)	-	-	0	(16)	(2)	(18)
Net Changes in Restricted Cash	535	9	(5)	(7)	531	(2)	529
<b>Ending Restricted Cash (10/05/17)</b>	<b>3,819</b>	<b>841</b>	<b>2</b>	<b>174</b>	<b>4,836</b>	<b>22</b>	<b>4,858</b>
<b>Beginning Total Cash and Investments (09/01/17)</b>	<b>3,757</b>	<b>887</b>	<b>259</b>	<b>542</b>	<b>5,444</b>	<b>222</b>	<b>5,667</b>
Net changes in Free Cash and Investments	(209)	13	(209)	(331)	(736)	(65)	(801)
Net changes in Restricted Cash	535	9	(5)	(7)	531	(2)	529
<b>Ending Total Cash and Investments (10/05/17)</b>	<b>\$ 4,083</b>	<b>\$ 909</b>	<b>\$ 44</b>	<b>\$ 204</b>	<b>\$ 5,240</b>	<b>\$ 156</b>	<b>\$ 5,395</b>

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".  
 Totals may not foot due to rounding.

**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities**

**Schedule of Cash Receipts and Disbursements**

**September 1, 2017 - October 5, 2017**

Unaudited (\$)

**Notes:**

- (a) Cash collections at Debtor-Controlled Entities primarily include receipts related to the sale of all the remaining shares of Liberty Media Corporation Series C Liberty Formula One common stock; the shares sold were part of the proceeds received from the sale of Formula One to Liberty Media Corporation (refer to the Quarterly Financial Report as of June 30, 2016 [Docket No. 53697] for additional information). The cash proceeds from this sale of shares were subsequently transferred to LCPI as beneficial owner of the Formula One investment; this transfer is reflected in Post-Petition Inter-Company Receipts and Disbursements.
- (b) Receipts from Non-Controlled Affiliates include the following:

<i>(\$ in millions)</i>	<b>LBHI</b>	<b>LBSF</b>	<b>LCPI</b>	<b>Other Debtors</b>	<b>Luxembourg Finance Sarl</b>	<b>Total</b>
Lehman Brothers Holdings Intermediate 2 Ltd	\$ -	\$ -	\$ -	\$ -	\$ 858	\$ 858
Lehman Brothers Limited	103	-	0	-	-	103
Lehman Brothers Europe Limited	34	-	-	-	-	34
Lehman Brothers Holdings Plc	32	-	-	-	-	32
Lehman Brothers Treasury Co. B.V. ("LBT") <sup>(i)</sup>	21	6	-	0	-	27
Lehman Brothers (PTG) Limited	15	-	-	-	-	15
Lehman Commercial Mortgage Conduit Limited	13	-	-	-	-	13
Thayer Properties Ltd	7	-	-	-	-	7
LB Asia Pacific (Singapore) Pte	6	-	-	-	-	6
Stepstone Mortgage Funding Ltd	6	-	-	-	-	6
Lehman Brothers Asia Holdings Ltd	4	-	-	-	-	4
Lehman Brothers ODC1 Ltd	1	-	-	-	-	1
Other	0	-	-	-	-	0
	<b>\$ 244</b>	<b>\$ 6</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 858</b>	<b>\$ 1,108</b>

(i) Pursuant to agreements with LBT, LBSF and LBCS, LBHI deducted and withheld approximately \$27 million from its thirteenth Plan Distribution ("Withheld Distributions") due from LBHI to LBT to offset amounts due to LBHI, LBSF and LBCS from LBT. The Withheld Distributions were then distributed to LBSF, LBCS and LBHI for inclusion in their respective thirteenth Plan Distributions.

- (c) Other primarily includes the receipt of \$28 million related to the contingent additional payment of up to \$80 million that Brookfield agreed to pay to LBHI, pursuant to the stock and note sale agreement between LBHI and Brookfield Asset Management Inc. and its affiliates, which was signed in August 2017 (refer to the Quarterly Financial Report as June 30, 2017 [Docket No. 56297] for additional information on the sale agreement).
- (d) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.
- (e) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).
- (f) Inter-Company Receipts and Disbursements include (i) repayment of intercompany balances by Luxembourg Finance Sarl to LBHI and LBSF of \$830 million and \$28 million, respectively, (ii) loans from LBCC, LBDP and LBFP to LCPI of \$110 million, \$167 million and \$179 million, respectively, secured by LCPI assets, (iii) a loan from LBCC to LBSF of \$41 million, secured by LBSF assets, (iv) partial repayments by LBHI to LBCC and LOTC of \$163 million and \$16 million, respectively, related to outstanding loans, and (v) partial repayments on intercompany balances, dividend distributions, and other administrative activities.
- (g) Plan Distributions include distributions to holders of Allowed Claims and distributions related to Plan Adjustments from Participating Subsidiary Debtors (refer to Notice Regarding Thirteenth Distribution [Docket No. 56298] for additional information). These amounts also include Withheld Distributions from LBHI to LBT of \$27 million, as described above in footnote (b).
- (h) Receipts of Plan Distributions from Debtors are distributions to Debtors and Debtor-Controlled Entities.